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STATE OF IOWA

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David A. Vaudt, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE

September 10, 2010

Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released a combined report on the institutions under the control of the Iowa Department of Human Services. The report includes findings and recommendations and average cost per resident/patient information for the five years ended June 30, 2009.

The average annualized cost per resident/patient at the nine institutions under the control of the Iowa Department of Human Services ranged from \$96,100 at the State Training School – Eldora to \$288,813 at the Woodward Resource Center and \$376,881 at the Mental Health Institute - Cherokee for the year ended June 30, 2009. Total general fund expenditures for the nine institutions increased 33.84% during the five year period to approximately \$233 million, the average number of residents/patients decreased 8.84%, from 1,176 to 1,072, and the average daily cost per resident/patient increased 46.83%, from \$405.94 to \$596.05, over the same period.

Copies of the report are available for review in the Office of Auditor of State and on the Auditor of State's web site at: <http://auditor.iowa.gov/reports/1062-8990-BR00.pdf>

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**COMBINED REPORT ON THE INSTITUTIONS UNDER THE
CONTROL OF THE IOWA DEPARTMENT OF HUMAN SERVICES
SCHEDULES
FINDINGS AND RECOMMENDATIONS**

JUNE 30, 2009

Office of
**AUDITOR
OF STATE**

State Capitol Building • Des Moines, Iowa



David A. Vaudt, CPA
Auditor of State

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September 7, 2010

To the Council Members of the
Iowa Department of Human Services:

The Institutions under the control of the Iowa Department of Human Services are a part of the State of Iowa and, as such, have been included in our audits of the State's Comprehensive Annual Financial Report (CAFR) and the State's Single Audit Report for the year ended June 30, 2009.

In conducting our audits, we became aware of certain aspects concerning the various Institutions' operations for which we believe corrective action is necessary. As a result, we have developed recommendations which are reported on the following pages. We believe you should be aware of these recommendations, which include those reported in the State's Report on Internal Control as well as other recommendations pertaining to internal control and compliance with statutory requirements and other matters. These recommendations have been discussed with applicable Institution personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Institutions' responses, we did not audit the Institutions' responses and, accordingly, we express no opinion on them.

We have also included certain unaudited financial and other information for the Institutions under the control of the Iowa Department of Human Services for the five years ended June 30, 2009 to report an average cost per resident/patient at each Institution as required by Chapter 11.28 of the Code of Iowa.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Iowa Department of Human Services, the Institutions under the control of the Iowa Department of Human Services, citizens of the State of Iowa and other parties to whom the Iowa Department of Human Services may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Institutions during the course of our audits. Should you have questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience. Individuals who participated in our audits of the Institutions are listed on pages 29, 31, 32, 33, 38, 39, 40, 42 and 43 and they are available to discuss these matters with you.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

cc: Honorable Chester J. Culver, Governor
Richard C. Oshlo, Jr., Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

Iowa Department of Human Services

Overview

Background

In accordance with Chapter 218 of the Code of Iowa, the Iowa Department of Human Services has the authority to control, manage, direct and operate the following institutions:

Mental Health Institute - Clarinda – The Institute has been serving the citizens of Southwest Iowa since 1888. The function of this Institute is to promote good mental health practices and to provide high level care for persons with mental illness. Levels of care provided are adult in-patient psychiatric and gero-psychiatric.

Mental Health Institute - Mount Pleasant – The Institute was established on February 2, 1861. Major goals and objectives of the Institute are to be responsive to the community-oriented patient care needs of the population it serves, without duplicating services already provided in the community. Levels of care provided are adult in-patient psychiatric and dual diagnosis.

Mental Health Institute - Cherokee – The Institute was founded in 1902. The Institute is responsible for furnishing psychiatric services to citizens of Northwest Iowa counties to the extent such services are not provided by other sources. Levels of care provided are adult in-patient psychiatric and child and adolescent in-patient psychiatric.

Mental Health Institute - Independence – The Institute was established on May 1, 1873. The Institute is a fully accredited psychiatric care hospital and provides treatment for mentally ill adults, adolescents and children. Levels of care provided are adult in-patient psychiatric, child and adolescent in-patient psychiatric and psychiatric-medical institute for children.

Woodward Resource Center – The Resource Center was established in 1917. The Center is a residential facility for the mentally retarded and provides treatment, training, instruction, care, habilitation and support of persons with retardation or other disabilities in the State.

Glenwood Resource Center – The Resource Center was established on September 1, 1876. The Center is a residential facility for the mentally retarded and provides treatment, training, instruction, care, habilitation and support of persons with retardation or other disabilities in the State.

State Juvenile Home - Toledo – The State Juvenile Home - Toledo was established on October 21, 1920. This Institution is a structured, non-secure co-ed facility serving juveniles under 17 who are residents of the State of Iowa in need of assistance. The residents are committed by the juvenile courts as dependent or neglected or are committed voluntarily through application to the County Board of Supervisors and the Iowa Department of Human Services. The children become wards of the State to receive educational, medical, diagnostic treatment and limited employment programs to help them attain productive and satisfying citizenship in a free society.

State Training School - Eldora – The Training School was established in 1868. The Institution is a minimum security facility for boys between the ages of twelve and eighteen who have been adjudicated delinquent by the juvenile courts of the State of Iowa. Effective January 1, 1992, a diagnosis and evaluation center and other units were established to provide juvenile delinquents a program which focuses upon appropriate developmental skills, treatment, placement and rehabilitation.

Iowa Department of Human Services

Overview

Civil Commitment Unit for Sexual Offenders (CCUSO) – The Civil Commitment Unit for Sexual Offenders was established in 1999. The Unit provides treatment for sexually violent predators in a secure facility located in Cherokee, Iowa. The residents have completed their criminal sentences, have been identified as a high risk for a repeat offense and are committed through a civil action by order of the courts.

As mentioned on the previous page, different levels of care are provided at each of the Mental Health Institutes. They are:

Adult In-patient Psychiatric – This program, licensed as a hospital, represents traditional, in-hospital psychiatric care for persons 18 years of age and older. It includes 24-hour nursing care and 24-hour medical and psychiatric on call coverage.

Child and Adolescent In-patient Psychiatric – This program, licensed as a hospital, represents traditional, in-hospital psychiatric care for persons under 18 years of age. It includes a required educational component and 24-hour nursing care and 24-hour medical and psychiatric on-call coverage.

Gero-Psychiatric – This program, licensed as nursing home care, represents 24-hour custodial care for persons declared disabled or over age 65. There is some level of 24-hour nursing care and periodic medical and psychiatric care. Generally, these persons are beyond the capacity of community providers to care for.

Psychiatric-Medical Institute for Children (PMIC) – This program, licensed as a PMIC, represents 24-hour care and behavior management for persons 12 to 17 years of age requiring intensive behavioral treatment modalities. There is periodic nursing and psychiatric coverage. Generally, these children are beyond the care of privately administered PMIC's in the state.

Dual Diagnosis – This program represents a 28-day residential substance dependence treatment program for persons with co-morbid mental illness. There is periodic nursing, medical and psychiatric coverage. It is the only program for this population in the state of Iowa.

Scope and Methodology

We have calculated an average cost per resident/patient at each Institution for the five years ended June 30, 2009 based on their general fund expenditures. Certain reclassifications and changes have been made to these expenditures to provide comparable averages between Institutions. Therefore, expenditure amounts and cost per resident/patient averages may differ from those used for statewide financial statement purposes. These reclassifications and changes are as follows:

- (1) Operating transfers, primarily reimbursements to other state agencies for services, have been reclassified as expenditures for purposes of this report.
- (2) At the inception of a capital lease, total principal payments are recorded as expenditures and as other financing sources for statewide purposes. For purposes of this report, we have included only the current year principal and interest payments as expenditures.
- (3) Canteen operations have been excluded from general fund expenditures since the canteen is a self-supporting operation at each Institution.
- (4) Non-cash assistance, consisting of USDA commodities, has been excluded from general fund expenditures.

Iowa Department of Human Services

Overview

Median stay information was not calculated or presented in the accompanying average cost per resident/patient schedule for the resource centers or juvenile facilities since the median stay tends to be for a much longer period.

The average annualized cost per resident/patient is calculated using the average number of occupied resident beds. Since the median stay at the Mental Health Institutes tends to be less than the stay at the other Institutions, the cost per stay was calculated for each of the Mental Health Institutes. This represents the average cost for the median stay of each patient admitted.

Summary Observation

The Mental Health Institute – Cherokee provides significant outpatient services not performed by other Institutions. Adequate statistical data on outpatient services, including the amount and cost of services provided by year, was not readily available. Accordingly, the cost per resident/patient information at the Mental Health Institute - Cherokee is not comparable to other Institutions and may not be comparable between years at the Mental Health Institute - Cherokee. The amount of support services the Mental Health Institute – Cherokee provided for the Civil Commitment Unit for Sexual Offenders was available for the four years ended June 30, 2009 and is reported as reallocated support services costs on Schedules 3, 4, 5 and 6 on pages 18 through 25. This information was not available prior to the year ended June 30, 2006.

The average annualized cost per resident/patient ranged from \$96,100 at the State Training School – Eldora to \$288,813 at the Woodward Resource Center and \$376,881 at the Mental Health Institute – Cherokee for fiscal year 2009.

Total general fund expenditures increased 33.84%, from \$174,247,115 in 2005 to \$233,220,943 in 2009, the average number of residents/patients decreased 8.84%, from 1,176 to 1,072, and the average daily cost per resident/patient increased 46.83%, from \$405.94 to \$596.05, over the same period.

Median stay ranged from 8 days to 37 days at the four Mental Health Institutes for fiscal year 2009.

Iowa Department of Human Services

Institutions Under the Control of the Iowa Department of Human Services

Average Cost Per Resident/Patient by Institution
(Unaudited)

For the Last Five Fiscal Years

	Year ended June 30, 2005					
	Average Number of Residents/ Patients	Average Number of Em- ployees	Average Annualized Cost per Resident/ Patient	Average Daily Cost per Resident/ Patient	Median Stay (Days)	Cost per Stay
Mental Health Institute - Clarinda	47	89	\$ 159,852	437.95	12	\$ 5,255
Mental Health Institute - Mt. Pleasant	57	87	119,563	327.57	29	9,500
Mental Health Institute - Cherokee	44	203	318,750	873.29	15	13,099
Mental Health Institute - Independence	89	298	217,909	597.01	48	28,657
Woodward Resource Center	269	629	165,667	453.88		
Glenwood Resource Center	377	862	156,126	427.74		
State Juvenile Home - Toledo	81	113	89,432	245.02		
State Training School - Eldora	165	192	74,144	203.13		
Civil Commitment Unit for Sexual Offenders	47	58	76,562	209.76		
Total	1,176	2,531	\$ 148,169	405.94		

Year ended June 30, 2006						Year ended June 30, 2007					
Average Number of Residents/ Patients	Average Number of Em- ployees	Average Annualized Cost per Resident/ Patient	Average Daily Cost per Resident/ Patient	Median Stay (Days)	Cost per Stay	Average Number of Residents/ Patients	Average Number of Em- ployees	Average Annualized Cost per Resident/ Patient	Average Daily Cost per Resident/ Patient	Median Stay (Days)	Cost per Stay
46	89	\$ 175,494	480.81	13	\$ 6,250	48	91	\$ 176,892	484.64	21	\$ 10,177
54	94	132,796	363.83	28	10,187	59	101	132,795	363.82	28	10,187
44	212	303,848	832.46	18	14,984	40	213	344,165	942.92	14	13,201
88	283	232,161	636.06	45	28,623	86	283	243,051	665.89	48	31,963
259	662	189,503	519.19			248	697	221,510	606.88		
354	896	193,145	529.17			338	920	217,387	595.58		
82	116	95,849	262.60			79	118	104,366	285.93		
181	195	72,497	198.62			173	197	79,748	218.49		
55	66	121,077	331.72			66	78	100,552	275.49		
1,163	2,613	\$ 166,929	457.34			1,137	2,698	\$ 183,011	501.40		

Institutions Under the Control of the Iowa Department of Human Services

Average Cost Per Resident/Patient by Institution
(Unaudited)

For the Last Five Fiscal Years

	Year ended June 30, 2008					
	Average Number of Residents/ Patients	Average Number of Em- ployees	Average Annualized Cost per Resident/ Patient	Average Daily Cost per Resident/ Patient	Median Stay (Days)	Cost per Stay
Mental Health Institute - Clarinda	46	93	\$ 196,548	538.49	19	\$ 10,231
Mental Health Institute - Mt. Pleasant	60	106	144,064	394.70	28	11,052
Mental Health Institute - Cherokee	40	212	362,275	992.53	13	12,903
Mental Health Institute - Independence	84	280	259,768	711.69	36	25,621
Woodward Resource Center	235	717	247,023	676.77		
Glenwood Resource Center	326	927	242,674	664.86		
State Juvenile Home - Toledo	76	118	117,810	322.77		
State Training School - Eldora	166	194	89,716	245.80		
Civil Commitment Unit for Sexual Offenders	71	84	108,292	296.69		
Total	1,104	2,731	\$ 201,716	552.65		

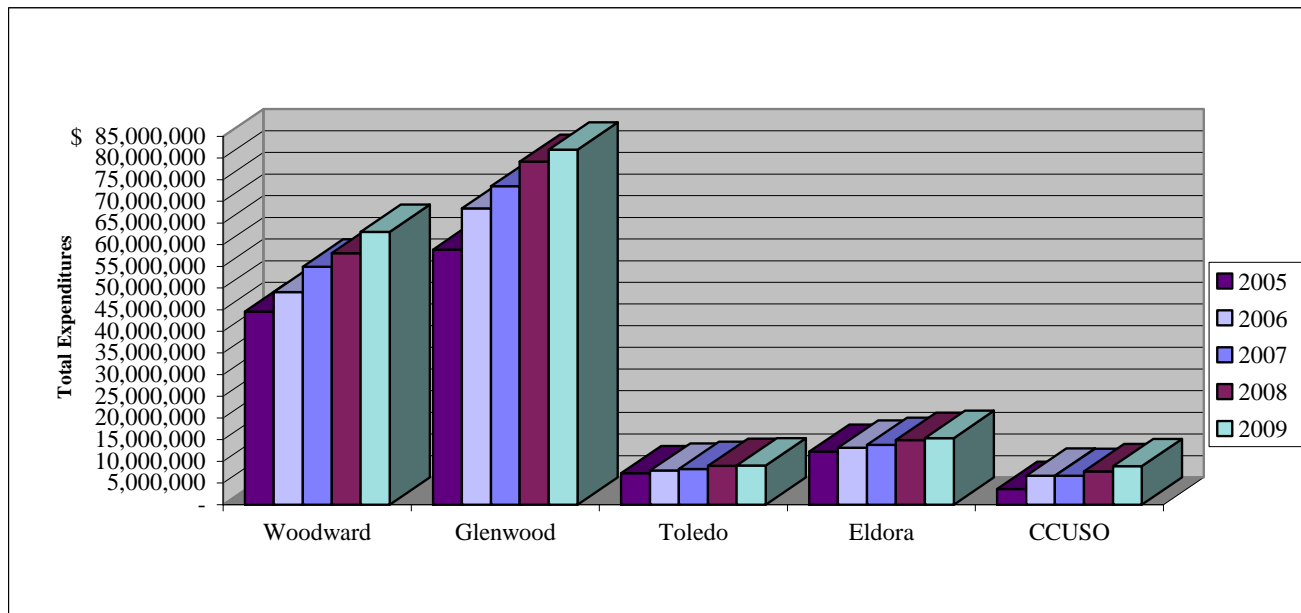
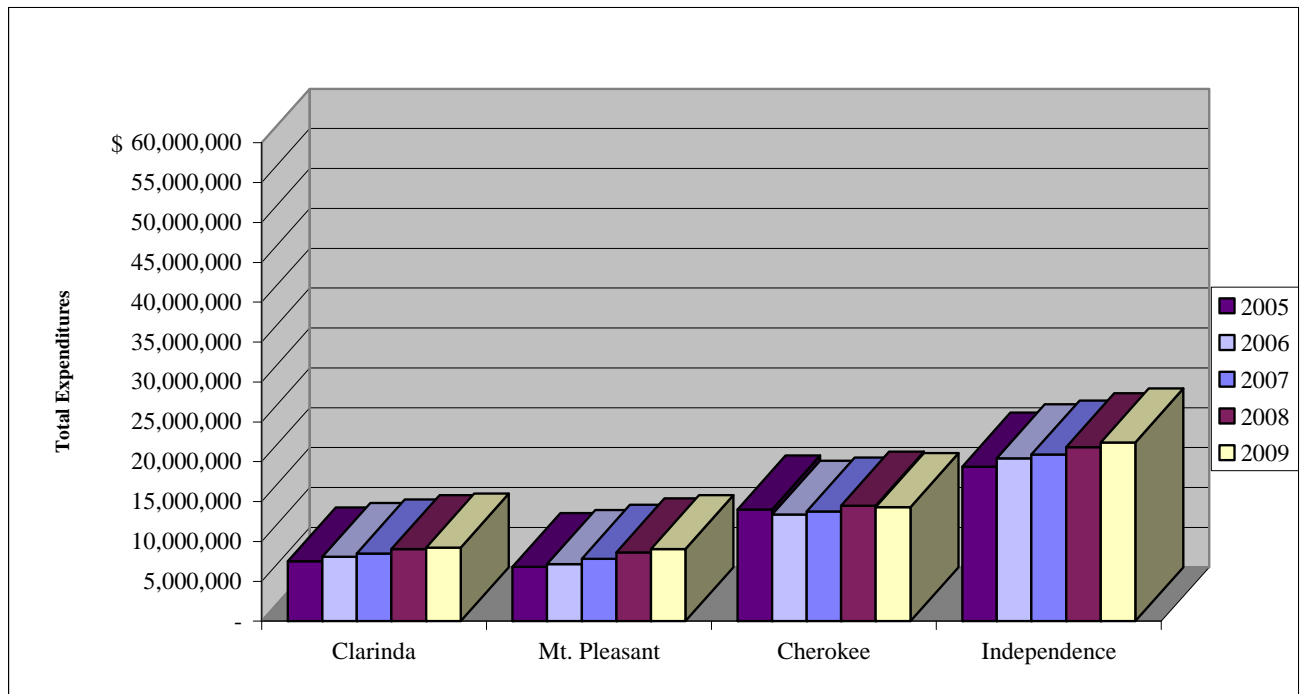
Year ended June 30, 2009					
Average Number of Residents/ Patients	Average Number of Em- ployees	Average Annualized Cost per Resident/ Patient	Average Daily Cost per Resident/ Patient	Median Stay (Days)	Cost per Stay
44	92	\$ 209,599	574.24	8	\$ 4,594
66	107	137,009	375.37	26	9,760
38	205	376,881	1,032.55	14	14,456
82	278	273,346	748.89	37	27,709
218	729	288,813	791.27		
314	932	260,964	714.97		
72	123	125,631	344.19		
160	201	96,100	263.29		
78	92	114,036	312.43		
1,072	2,759	\$ 217,557	596.05		

Iowa Department of Human Services

Institutions Under the Control of the Iowa Department of Human Services

Average Cost Per Resident/Patient Information By Institution
Total Expenditures
(Unaudited)

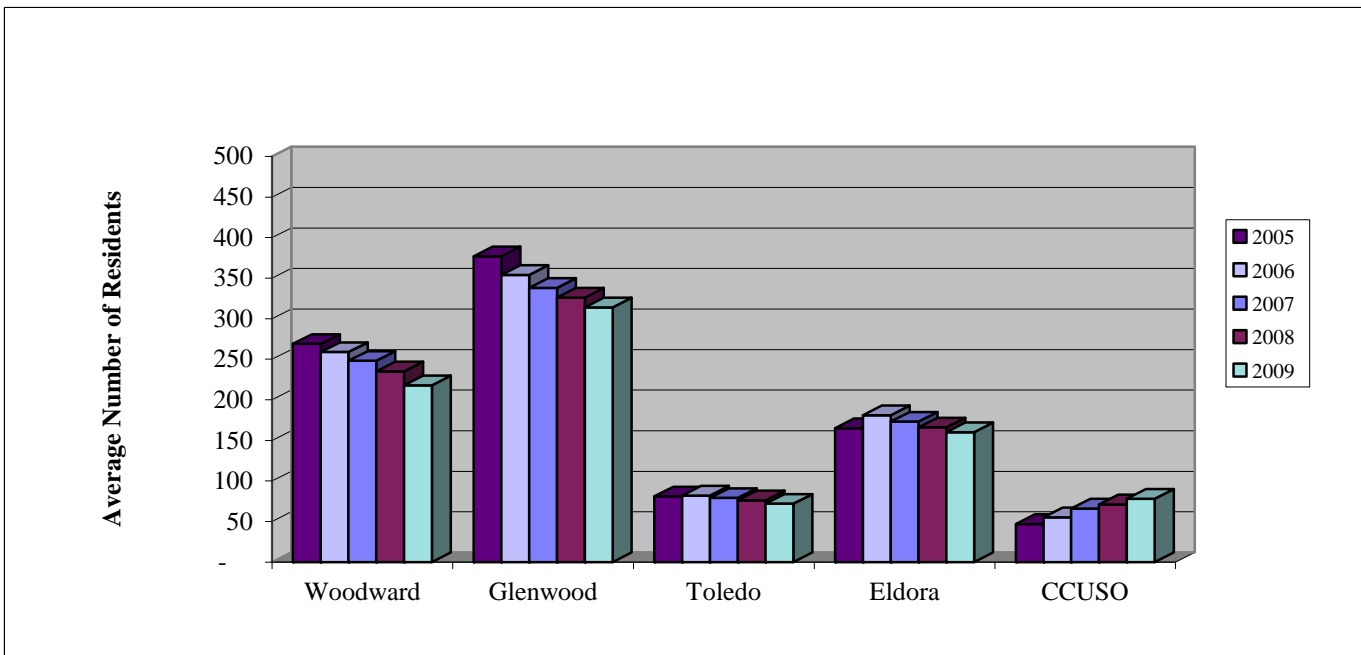
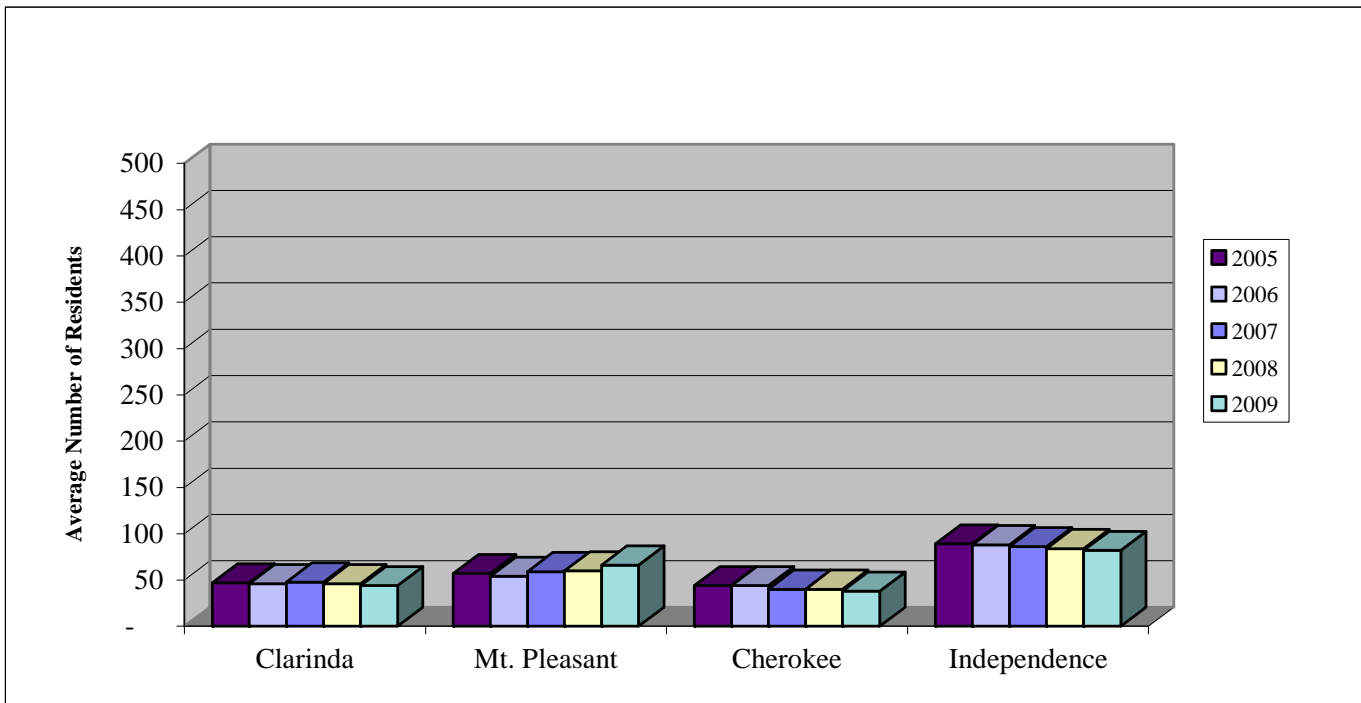
For the Last Five Fiscal Years



Institutions Under the Control of the Iowa Department of Human Services

Average Cost Per Resident/Patient Information By Institution
Average Number of Residents/Patients
(Unaudited)

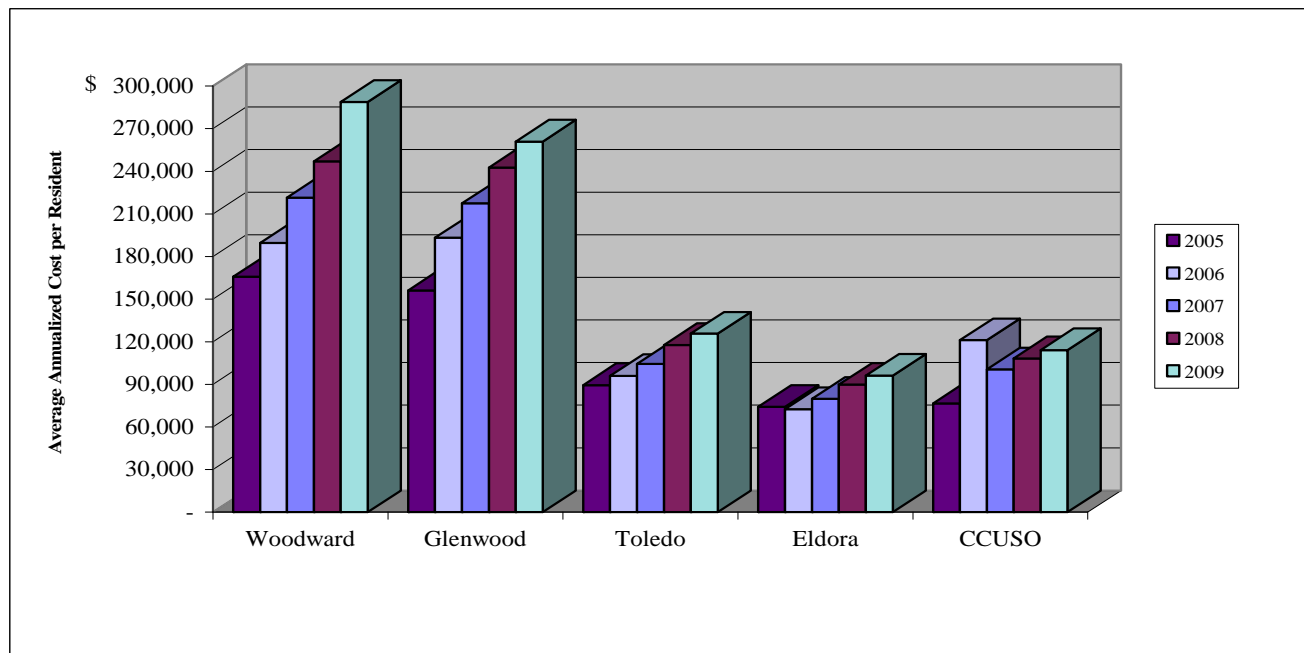
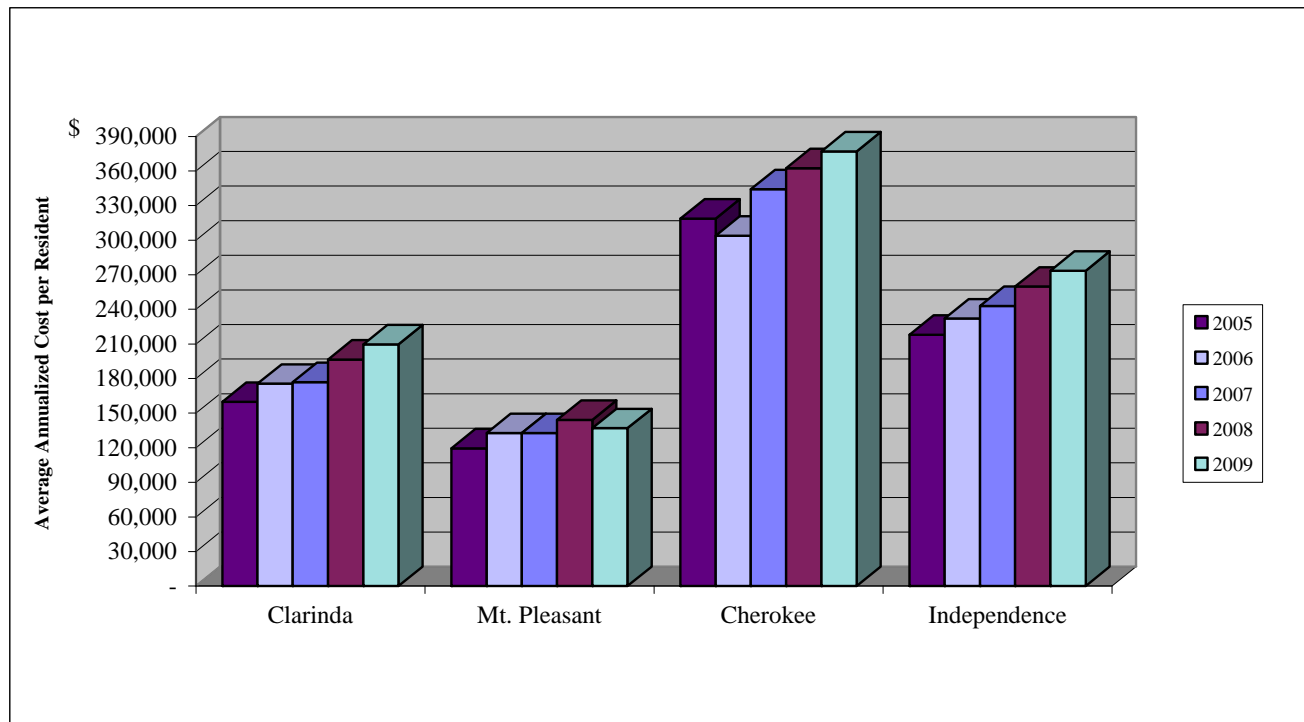
For the Last Five Fiscal Years



Institutions Under the Control of the Iowa Department of Human Services

Average Cost Per Resident/Patient Information By Institution
Average Annualized Cost per Resident/Patient
(Unaudited)

For the Last Five Fiscal Years



Institutions Under the Control of the Iowa Department of Human Services

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2005

	Mental Health Institute - Clarinda	Mental Health Institute - Mt. Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence
Personal services	\$ 6,230,599	5,650,314	11,748,781	16,578,366
Travel	23,172	34,234	37,583	49,413
Supplies and materials	681,378	500,490	908,101	789,547
Contractual services	539,534	523,652	1,181,571	1,766,484
Capital outlay	37,182	105,499	114,435	207,847
Claims and miscellaneous	1,076	23	34,359	363
Licenses, permits and refunds	99	-	155	1,860
Aid to individuals	-	871	-	-
Total	\$ 7,513,040	6,815,083	14,024,985	19,393,880

Woodward Resource Center	Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
37,140,439	47,092,296	6,079,933	10,177,473	3,115,210	143,813,411
298,021	307,429	12,613	46,924	37,160	846,549
2,791,634	4,895,951	482,099	563,216	43,236	11,655,652
3,261,810	4,851,779	626,753	1,265,760	308,745	14,326,088
1,057,966	1,164,666	35,549	168,240	61,666	2,953,050
14,465	546,639	6,699	7,312	32,409	643,345
-	860	354	4,821	-	8,149
-	-	-	-	-	871
44,564,335	58,859,620	7,244,000	12,233,746	3,598,426	174,247,115

Institutions Under the Control of the Iowa Department of Human Services

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2006

	Mental Health Institute - Clarinda	Mental Health Institute - Mount Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence
Personal services	\$ 6,559,270	5,891,414	12,502,054	17,400,969
Travel	27,378	53,729	56,606	46,241
Supplies and materials	896,610	520,538	927,784	922,118
Contractual services	527,307	550,560	1,486,415	1,912,789
Capital outlay	61,384	152,703	183,074	145,756
Claims and miscellaneous	615	52	38,407	844
Licenses, permits and refunds	157	-	140	1,034
Aid to individuals	-	2,006	49,584	425
Total before reallocations	<u>\$ 8,072,721</u>	<u>7,171,002</u>	15,244,064	<u>20,430,176</u>
Reallocated support services costs (see page 6)			<u>(1,874,746)</u>	
Total			<u>\$ 13,369,318</u>	

Woodward Resource Center	Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
39,977,151	50,838,808	6,360,869	10,667,652	3,742,111	153,940,298
473,158	415,184	7,269	54,593	29,969	1,164,127
3,295,111	5,936,469	605,348	529,966	100,427	13,734,371
3,890,551	7,762,614	800,798	1,483,922	781,627	19,196,583
1,411,041	2,420,426	78,309	372,214	94,069	4,918,976
34,381	532,293	6,677	10,241	36,294	659,804
9	7,560	362	3,299	-	12,561
-	460,115	-	-	-	512,130
49,081,402	68,373,469	7,859,632	13,121,887	4,784,497	194,138,850
				1,874,746	
				6,659,243	

Institutions Under the Control of the Iowa Department of Human Services

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2007

	Mental Health Institute - Clarinda	Mental Health Institute - Mount Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence
Personal services	\$ 6,974,408	6,607,924	13,097,593	17,987,635
Travel	32,341	21,055	61,512	47,868
Supplies and materials	784,206	474,112	953,231	929,528
Contractual services	534,099	636,244	1,408,683	1,874,328
Capital outlay	164,335	93,516	164,310	55,466
Claims and miscellaneous	709	27	3,144	492
Licenses, permits and refunds	732	-	154	7,082
Aid to individuals	-	2,016	-	-
	<hr/>			
Total before reallocations	<u>\$ 8,490,830</u>	<u>7,834,894</u>	15,688,627	<u>20,902,399</u>
Reallocated support services costs (see page 6)			<u>(1,922,019)</u>	
Total			<u>\$ 13,766,608</u>	

Woodward Resource Center	Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
44,147,216	55,176,264	6,787,256	11,267,363	4,502,835	166,548,494
163,525	235,937	20,081	69,613	34,646	686,578
3,761,111	5,649,422	598,421	706,984	27,255	13,884,270
4,818,602	8,331,823	736,550	1,439,726	129,846	19,909,901
1,895,961	3,583,845	94,876	301,082	19,305	6,372,696
147,097	497,445	5,135	8,167	549	662,765
870	2,186	2,572	3,385	-	16,981
-	-	-	-	-	2,016
54,934,382	73,476,922	8,244,891	13,796,320	4,714,436	208,083,701
				1,922,019	
				6,636,455	

Institutions Under the Control of the Iowa Department of Human Services

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2008

	Mental Health Institute - Clarinda	Mental Health Institute - Mount Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence
Personal services	\$ 7,391,770	7,216,650	13,682,846	18,417,624
Travel	40,638	33,797	43,114	58,315
Supplies and materials	990,920	532,517	977,555	987,342
Contractual services	554,287	773,252	1,535,253	2,031,591
Capital outlay	63,397	86,227	231,219	323,034
Claims and miscellaneous	126	405	1,409	1,035
Licenses, permits and refunds	85	1,010	505	1,578
Aid to individuals	-	-	-	-
Total before reallocations	<u>\$ 9,041,223</u>	<u>8,643,858</u>	16,471,901	<u>21,820,519</u>
Reallocated support services costs (see page 6)			<u>(1,980,918)</u>	
Total			<u>\$ 14,490,983</u>	

Woodward Resource Center	Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
47,143,096	60,378,764	7,221,028	12,104,745	5,091,505	178,648,028
495,664	440,068	33,390	60,763	65,017	1,270,766
3,634,099	6,366,174	695,767	752,121	106,345	15,042,840
4,946,799	8,314,399	759,312	1,554,480	274,163	20,743,536
1,689,921	3,073,359	236,224	400,995	169,134	6,273,510
140,380	532,949	6,139	14,524	1,678	698,645
407	5,939	1,676	5,222	-	16,422
-	226	-	-	-	226
58,050,366	79,111,878	8,953,536	14,892,850	5,707,842	222,693,973
				1,980,918	
				7,688,760	

Institutions Under the Control of the Iowa Department of Human Services

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2009

	Mental Health Institute - Clarinda	Mental Health Institute - Mt. Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence
Personal services	\$ 7,529,126	7,385,240	13,819,279	19,051,691
Travel	84,462	22,152	44,692	73,630
Supplies and materials	897,809	580,518	1,222,413	965,007
Contractual services	591,079	979,587	950,191	2,077,976
Capital outlay	119,038	73,686	307,189	240,646
Claims and miscellaneous	359	840	331	3,149
Licenses, permits and refunds	465	-	780	2,309
Aid to individuals	-	540	-	-
Total	<u>\$ 9,222,338</u>	<u>9,042,563</u>	16,344,875	<u>22,414,408</u>
Reallocated support services costs (see page 6)			<u>(2,023,410)</u>	
Total			<u>\$ 14,321,465</u>	

Woodward Resource Center	Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
50,053,247	62,500,842	7,651,720	12,287,820	5,827,528	186,106,493
580,285	254,567	17,633	55,147	7,240	1,139,808
4,149,086	6,584,419	677,889	855,556	786,475	16,719,172
6,129,541	9,289,745	659,861	1,849,605	195,958	22,723,543
1,901,365	2,785,072	29,723	307,860	53,657	5,818,236
147,139	520,882	4,332	18,818	569	696,419
607	7,116	4,288	1,167	-	16,732
-	-	-	-	-	540
62,961,270	81,942,643	9,045,446	15,375,973	6,871,427	233,220,943
				2,023,410	
				8,894,837	

Institutions Under the Control of the Iowa Department of Human Services

Resident/Patient Population Statistics
(Unaudited)

Year ended June 30, 2009

	Mental Health Institute - Clarinda	Mental Health Institute - Mt. Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence
Population beginning of year	45	62	35	81
Admissions:				
First admissions	118	611	322	194
Readmissions	111	194	184	242
Returns:				
Home visits	-	1	-	324
Limited leaves	-	-	-	3
Temporary medical transfers	-	10	-	24
Unauthorized departures	-	4	-	1
Total admissions	229	820	506	788
Released:				
Discharges	217	783	508	435
Deaths	-	-	1	-
Home visits	-	1	-	323
Limited leaves	-	-	-	3
Temporary medical transfers	6	12	1	28
Unauthorized departures	-	10	-	1
Other	-	-	-	-
Total released	223	806	510	790
Population end of year	51	76	31	79
Average number of residents/patients	44	66	38	82

Woodward Resource Center	Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders
225	312	67	171	74
6	11	124	264	6
1	10	-	31	-
-	461	-	-	-
55	1	-	-	-
-	252	-	-	-
-	-	-	-	-
62	735	124	295	6
16	21	116	138	-
2	8	-	-	1
-	457	-	-	-
58	-	-	-	-
-	254	-	-	-
-	-	-	-	-
-	-	-	176	-
76	740	116	314	1
211	307	75	152	79
218	314	72	160	78

June 30, 2009

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Reported in the State's Report on Internal Control:

No matters were noted.

Other Findings Related to Internal Control:

Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check of those of another. Mail is not opened and distributed by someone other than accounting personnel. An initial list of receipts is not prepared by the mail opener. Responsibilities for collection and deposit preparation functions are not segregated from those for recording and accounting for cash receipts for the Patient and Entertainment Funds.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Institute should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available personnel.

Response – We have assigned the task of maintaining the mail receipt list, which is updated daily, to our Purchasing Assistant. There are times even this person must fill in for staff who record or deposit the receipts listed. In the future, the problem will worsen as we have two additional possible pending retirements resulting in a 44% vacancy in the business office.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

- (1) County Billings – Cost accounting medication forms support pharmacy charges recorded on patient abstracts. There were two instances in which pharmacy charges recorded on patient abstracts did not tie to the cost accounting medication forms. No independent review is in place to ensure proper recording of the cost accounting medication forms into the patient abstract.

Recommendation – The Institute should ensure all pharmacy charges recorded on the patient abstract are properly supported with cost accounting medication forms. An independent review should be conducted to ensure proper recording of the cost accounting medication forms into the patient abstract.

Response – We will begin random independent review of the cost accounting medication forms used to enter charges against the patient abstracts.

Conclusion – Response accepted.

June 30, 2009

- (2) Federal Medicaid Assistance Rate – The Institute receives Medicaid reimbursements from the Iowa Medicaid Enterprise (IME). Reimbursements are to be split utilizing the Federal Medicaid Assistance Rate (FMAP) provided by the Iowa Department of Human Services (DHS). The state portion is receipted into DHS's General Fund and the federal share is receipted into the State's General Fund. Effective mid-October 2008, the Institute did not use the correct FMAP percentage provided by DHS to split Medicaid reimbursements received.

Recommendation – Medicaid reimbursements should be split between federal and state share payments based on the FMAP rate information provided by DHS. The Institute should work with DHS Central Office to determine the proper resolution of incorrectly recorded reimbursements.

Response – As of April 5, 2010, we will take the check total and split it utilizing the current FMAP rate so the federal percentage is receipted into the State's General Fund and the state portion is receipted into DHS's General Fund. We have discussed with DHS Central Office staff and supplied them with historical data. The resolution of the fiscal year 2009 reimbursements is being considered.

Conclusion – Response accepted.

Staff:

Questions or requests for further assistance should be directed to:

Deborah J. Moser, CPA, Manager
Gelu Sherpa, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Melissa M. Wellhausen, CPA, Senior Auditor
Joshua B. Ludwig, Staff Auditor
Jeana R. Mulbauer, Assistant Auditor
Reza Sepehri, Assistant Auditor

June 30, 2009

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Reported in the State's Report on Internal Control:

No matters were noted.

Other Findings Related to Internal Control:

- (1) Capital Asset Listing – The Institute is required to keep an up-to-date and accurate capital asset listing to track and maintain control over capital assets. This includes properly classifying equipment and vehicle additions and deletions throughout the fiscal year, posting additions and deletions to the capital asset listing and ensuring items are properly tagged. Two of the assets selected for testing did not have State tags affixed to them.

Recommendation – The Institute should review policies and procedures to ensure all applicable capital assets purchased and maintained are properly tagged with the State ID number.

Response – The Institute will ensure all applicable capital assets purchased and maintained by the Institution are properly tagged with a State ID number.

Conclusion – Response accepted.

- (2) Patient Accounts – The Institute's policy limiting the amount of money available to the patients on a weekly basis states any withdrawals exceeding the allowable amount must be approved by the patient's counselor. One patient withdrawal selected for testing did not have documented counselor approval for exceeding the weekly allowed amount.

Recommendation – The Institute should maintain documented counselor approval for all withdrawals exceeding the weekly allowable amount in accordance with the Institute policy.

Response – The Institute policy was emphasized to counselors, supervisors and the accounting clerk handling patient accounts. Counselors will approve all withdrawals above the allowable limit.

Conclusion – Response accepted.

- (3) Receipts – The Institute receives monthly commission checks from the vending machine company maintaining the on-site canteen. The Institute is responsible for coding revenues to the appropriate account and proper fiscal year. During fiscal year 2009, three receipts were incorrectly recorded as fiscal year 2010 revenues, resulting in an understatement of fiscal year 2009 canteen revenues.

Recommendation – The Institute should review procedures to ensure revenues are recorded in the proper fiscal year.

Response – The Business Office will ensure all revenues are recorded in the proper fiscal year as directed by Iowa Department of Administrative Services (DAS) policy.

Conclusion – Response accepted.

Findings and Recommendations for Mental Health Institute – Mount Pleasant

June 30, 2009

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

K. David Voy, CPA, Manager
Carrie L. Livingston, CPA, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Ainslee M. Barnes, Assistant Auditor
Michael F. Conroy, Assistant Auditor
Jacqueline E. Gulick, Assistant Auditor
Kristin M. Ockenfels, Assistant Auditor

June 30, 2009

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Reported in the State's Report on Internal Control:

No matters were noted.

Other Findings Related to Internal Control:

No matters were noted.

Finding Related to Statutory Requirements and Other Matters:

Tax Form 1099 – The Institute contracts with speakers to give presentations to employees and/or community members. Speakers are paid from the Entertainment Fund, which is not recorded in the I/3 System. Two speakers were paid \$700 each and did not receive a 1099-MISC form as required by the Internal Revenue Service.

Recommendation – The Institute should consult the Department of Administrative Services (DAS) regarding its responsibility to comply with IRS regulations requiring issuance of 1099 forms.

Response – We will discuss with DAS how to best comply with IRS regulations for speakers paid by funds not recorded in the I/3 system.

Conclusion – Response accepted.

Staff:

Questions or requests for further assistance should be directed to:

Deborah J. Moser, CPA, Manager
Dorothy O. Stover, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Daniel Durbin, CPA, Staff Auditor
Kurt D. Goldsmith, Assistant Auditor
Joshua A. Pronk, Assistant Auditor
Christina M. Renze, Assistant Auditor

June 30, 2009

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Reported in the State's Report on Internal Control:

No matters were noted.

Other Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Ernest H. Ruben, Jr., CPA, Manager
Aaron P. Wagner, CPA, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Darryl J. Brumm, CPA, Senior Auditor II
Kurt D. Goldsmith, Assistant Auditor
Kelly L. Hilton, Assistant Auditor

June 30, 2009

Findings Reported in the State's Single Audit Report:

No matters were noted.

Finding Reported in the State's Report on Internal Control:

Payroll – The Center processes and records payroll and personnel information on the Human Resource Information System (HRIS). The Human Resources Associates utilize an online P-1 document to initiate and approve payroll actions, such as adding new employees and recording pay raises. Three individuals have the ability to initiate and approve P-1 documents.

Recommendation – To strengthen controls, the Center should develop and implement procedures to segregate the duties of the Human Resources Associates from the duties of payroll.

Response – For documents requiring more than one level of approval at the facility, HR staff will initiate a process to ensure there is segregation of duties. The HR Associate will apply one level of approval and the HR Administrative Assistant II will apply the second level.

Conclusion – Response accepted.

Other Findings Related to Internal Control:

- (1) Segregation of Duties for Inventory – Adequate segregation of duties should exist for proper internal controls to be in place in each department. Maintaining inventory records and recording inventory purchases should be segregated from each other. The following duties should also be segregated: receiving, issuing, storing and accounting for inventory. A lack of segregation of duties exists in the pharmacy, central supply, clothing, fuel, housekeeping and dietary departments.

Recommendation – The Center should implement and maintain adequate segregation of duties for all departments.

Response – Woodward Resource Center will review the segregation of duties for inventory records, recording purchases, receiving, issuing, accounting and storing responsibilities for inventory.

Conclusion – Response accepted.

- (2) Segregation of Duties for Resident Accounts – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check of those of another employee. The cashier handles returned funds from resident outings and records activity in the resident accounts. Although returned funds are reviewed by an independent person, the receipts and supporting information are returned to the cashier prior to deposit.

Recommendation – Adequate segregation of duties should be implemented and maintained for all departments. To strengthen controls, the independent reviewer should evidence their review and deliver the returned funds to the individual preparing the deposit.

Findings and Recommendations for Woodward Resource Center

June 30, 2009

Response – Woodward Resource Center has adequate segregation of duties built into all withdrawals from Resident Accounts. An authorized team member approves the expense, a staff member picks up the Resident Account envelope with cash or a check and is responsible for the purchase and return of receipts and unspent funds. The envelope is audited by an individual other than the Resident Accounts clerk, who writes the receipt for returned funds. The Resident Accounts clerk is responsible only for issuing the cash or check, which is signed by an authorized check signer. The Resident Accounts clerk makes no decisions regarding the withdrawal of funds from a client's account.

The independent reviewer will place the returned funds in the cash box for Resident Accounts, which is in the safe at the Business Office. An individual other than the cashier will give the receipt book and cash box to the individual preparing the deposit.

Conclusion – Response accepted.

- (3) Maintenance Department Inventory – The maintenance department does not maintain inventory records. Many items were observed in the maintenance department which should have been reported as part of the Center's inventory on the GAAP Package.

Recommendation – The Center's maintenance department should maintain and report inventory on hand at year-end to be included in the GAAP Package.

Response – Woodward Resource Center will comply by performing an inventory count at the Maintenance department to be reported as of June 30, 2010.

Conclusion – Response accepted.

- (4) Capital Asset Listing – Chapter 7A.30 of the Code of Iowa requires each agency to maintain a written, detailed and up-to-date inventory of property under its charge and control. Eight assets selected from the capital asset listing for testing could not be located because the assets were disposed of during a prior year. These items were removed and adjusted on the Center's GAAP Package. Also, one item on the capital asset listing did not exist and was not adjusted for on the GAAP Package.

Recommendation – The Center should implement procedures to ensure the capital asset listing is current and accurate.

Response – Woodward Resource Center acknowledges one item tested did not exist and was on the capital asset listing, but has now been deleted. The eight items previously disposed have been removed from the capital asset listing and the value has been adjusted so the amount reported on the GAAP Package was correct.

Conclusion – Response accepted.

Findings and Recommendations for Woodward Resource Center

June 30, 2009

- (5) Bank Reconciliation – Proper bank reconciliation procedures should be performed timely as a control over cash reporting. As part of the bank reconciliation process, the reconciler added six deductions back into the ledger balance rather than deducting the items, which overstated the cash balance by \$1,917.

Recommendation – The Center should follow proper reconciliation procedures.

Response – Woodward Resource Center will review our reconciliation procedures and revise as necessary.

Conclusion – Response accepted.

- (6) Reconciliation of Medicare D Billings – A reconciliation of Medicare Part D billings to payments received is not performed.

Recommendation – A reconciliation of Medicare Part D billings to payments received should be performed monthly to detect and correct billing errors.

Response – The Pharmacy is currently working with the Business Office and Information Technology to convert to a new computer system (WORx), which will bill Medicare Part D on a monthly basis. This process includes reconciliation by the Business Office with pharmacy and a new computer system to detect and correct billing errors. Implementation is scheduled for early January 2010. Currently, pharmacy and Information Technology staff meet every one-two weeks to review progress and logistical issues.

Conclusion – Response accepted.

- (7) Fuel Usage Reconciliation – The daily fuel logs are not reconciled to the daily fuel tank measurements.

Recommendation – For proper accountability, daily fuel logs should be reconciled to the amounts on hand in the tanks.

Response – The Center measures the tanks on a daily basis and will begin periodically reconciling these daily measures to the daily fuel logs.

Conclusion – Response accepted.

- (8) Business Continuity – As part of good business practices and to ensure continuity of business, procedures should be implemented to sufficiently cross-train employees in the pharmacy. Only one person is trained to handle inventory procedures such as ordering, tracking, disposal of obsolete inventory and how to locate various documentation.

Recommendation – Procedures should be implemented to ensure sufficient cross-training of pharmacy employees.

Response – In order to ensure sufficient cross-training for continuity of business purposes, the pharmacy will review existing inventory procedures such as ordering, tracking, disposal of obsolete inventory and where to find documentation, and will update procedures as necessary and train pharmacy staff on procedures.

Conclusion – Response accepted.

Findings and Recommendations for Woodward Resource Center

June 30, 2009

- (9) Requisition for Inventory Issuance – Requisitions should be prepared and signed by authorized personnel for all inventory issuances. The clothing department does not utilize requisitions for issuances.

Recommendation – The Center should implement procedures to include use of issuance requisitions.

Response – Woodward Resource Center has procedures in place regarding the issuance of inventory.

Conclusion – Response accepted.

- (10) Segregation of Duties for Medical Trip Accounting – Adequate segregation of duties should exist for proper internal controls to be in place in each department. The following duties should be segregated: collection of cash, recording cash transactions and accounting for cash. Review of internal controls over medical trip envelopes found one person issues cash for the trips, collects unspent cash, records the cash transactions and accounts for cash. Also, six of the 15 envelopes tested were not completed by the client or client representative, but rather by the person processing the medical trip envelope.

Recommendation – Adequate segregation of duties should be implemented and maintained for all departments.

Response – Effective April 1, 2010, Woodward Resource Center will segregate duties for medical trip envelopes.

Conclusion – Response accepted.

- (11) Petty Cash Fund – As part of good internal controls over petty cash, IOUs, unauthorized advances and cashing of personal checks from the petty cash fund should be prohibited. While performing a petty cash count, we found three personal employee checks had been cashed from petty cash.

Recommendation – Use of the petty cash fund for cashing of personal checks should be prohibited.

Response – Effective April 1, 2010, Woodward Resource Center will no longer allow cashing of personal checks from the petty cash fund.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

Employee Evaluations – Annual employee performance evaluations should be performed. Two of ten employees tested did not have a current performance evaluation in his or her personnel file.

Recommendation – The Center should implement procedures to ensure employee performance evaluations are conducted annually.

Response – This is an issue of which Woodward Resource Center is aware of and will continue to improve on.

Conclusion – Response accepted.

Findings and Recommendations for Woodward Resource Center

June 30, 2009

Staff:

Questions or requests for further assistance should be directed to:

Michelle B. Meyer, CPA, Manager
Janet K. Mortvedt, CPA, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Joshua B. Ludwig, Staff Auditor
Gelu Sherpa, Staff Auditor
Daryl L. Hart, Assistant Auditor
Casey L. Johnson, Assistant Auditor
Joshua A. Pronk, Assistant Auditor
Rosemary E. Nielsen, Assistant Auditor
Christina M. Renze, Assistant Auditor

June 30, 2009

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Reported in the State's Report on Internal Control:

No matters were noted.

Other Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

K. David Voy, CPA, Manager
Shannan M. Hoffman, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Joshua B. Ludwig, Staff Auditor
Alison P. Harold, Assistant Auditor
Sara L. Roling, Assistant Auditor
Reza Sepehri, Assistant Auditor
Lara Van Wyk, Assistant Auditor

June 30, 2009

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Reported in the State's Report on Internal Control:

No matters were noted.

Other Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Donna F. Kruger, CPA, Manager
Jenny M. Podrebarac, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Daniel L. Durbin, Staff Auditor
Jessica P.V. Green, Assistant Auditor
Samantha J. Brincks, CPA, Assistant Auditor

Findings and Recommendations for State Training School - Eldora

June 30, 2009

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Reported in the States Report on Internal Control:

No matters were noted.

Other Finding Related to Internal Control:

Expenditures – General Fund expenditures of the State Training School, excluding utility bills and other contracted services, are required to include properly filed and approved purchase orders in accordance with the Department of Human Services State Training School Policy and Procedure Regulation number 113.3. All expenditures are to be approved by the department supervisor and the business office prior to expenditures being made.

Certain expenditures were noted for which purchase orders were not prepared and, therefore, failed to show evidence of proper approval in accordance with State Training School policy as well as the Department of Administrative Services policy regarding expenditures.

Recommendation – The State Training School should ensure purchase orders are prepared as required and expenditures are properly approved in accordance with its own policy as well as those of the Department of Administrative Services.

Response – The State Training School has gone to great lengths to ensure every purchase is reviewed and approved in advance by the business manager or designee. As identified, some expenditures may not have included the purchase order (Form 872-0060) on file, however, the identified purchases were approved in advance by the business manager as evidenced by business manager's initials on the request/requisition/order or an email approval, which were on file. Cited purchasing policy and procedure was not effective until January 2009. The State Training School shall continue to ensure appropriate documentation designating approval prior to purchase is maintained on file and no expenditure shall be made prior to business manager approval.

Conclusion – Response accepted.

Finding Related to Statutory Requirements and Other Matters:

Unclaimed Property – Chapter 556.11 of the Code of Iowa requires agencies to report and remit outstanding obligations, including outstanding checks held for more than two years, to the State Treasurer's Great Iowa Treasure Hunt by November 1 each year. Outstanding checks written prior to June 30, 2007 were not remitted to the State Treasurer as required.

Recommendation – Outstanding obligations should be remitted to the State Treasurer's Great Iowa Treasure Hunt by November 1 as required.

Response – Due to staff turnover, this requirement was overlooked and was not remitted in time to meet the November 1st deadline. When the business manager became aware outstanding checks had not been remitted, the report was completed as soon as possible. The business manager shall ensure this deadline is met annually as required by Code.

Conclusion – Response accepted.

Findings and Recommendations for State Training School - Eldora

June 30, 2009

Staff:

Questions or requests for further assistance should be directed to:

Deborah J. Moser, CPA, Manager
Darryl J. Brumm, CPA, Senior Auditor II
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Samantha J. Brincks, CPA, Assistant Auditor
Kelly L. Hilton, Assistant Auditor
Rosemary E. Nielsen, Assistant Auditor

June 30, 2009

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Reported in the State's Report on Internal Control:

No matters were noted.

Other Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Deborah J. Moser, CPA, Manager
Dorothy O. Stover, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Michael D. Eckard, Staff Auditor
Joshua A. Pronk, Assistant Auditor
Christina M. Renze, Assistant Auditor